



Michigan Department of State
Bureau of Elections
www.michigan.gov/sos

INDEPENDENT COMMITTEE AND POLITICAL COMMITTEE (PAC) MANUAL

INTRODUCTION

Michigan's Campaign Finance Act, P.A. 388 of 1976, as amended, promotes the public disclosure of political contributions and expenditures. The Secretary of State and the county clerks seek disclosure through voluntary compliance of candidates, groups and committees with the requirements of the Act.

The Act requires groups participating in Michigan elections to form and file committees. Committees are groups that receive contributions or make expenditures to influence voters for or against the nomination or election of a candidate, or the qualification, passage, or defeat of a ballot question. Exceptions are:

- An individual, other than a candidate, does not constitute a committee.
- A person, other than a committee registered under this act, making an expenditure to a ballot question committee as long as the person does not solicit or receive contributions for the purpose of making an expenditure to that ballot question committee.

The types of committees covered by the Act are:

Candidate Committees

Political and Independent Committees (PACs)

Ballot Question Committees

Political Party Committees

To register, a committee files a Statement of Organization. Statement of Organization forms can be obtained from the Department of State's Bureau of Elections in Lansing, from any county clerk or the Secretary of State's website at www.Michigan.gov/sos. Once a committee is registered, it may be required to file Campaign Statements and other reports to disclose the committee's campaign finance activity in Michigan elections.

If you have questions, do not hesitate to seek assistance from the Department of State's Bureau of Elections in Lansing. Possible violations can be avoided with early advice and use of instructional materials provided by the Department. When seeking specific legal advice, always rely on the Act and the Rules promulgated to administer the Act.

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STATEMENT OF ORGANIZATION FORMING AND REGISTERING A PAC
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POLITICAL COMMITTEES AND INDEPENDENT COMMITTEES COVERED BY THE
CAMPAIGN FINANCE ACT

As soon as a “person” reaches the \$500.00 threshold in receipts or expenditures in a calendar year to influence voters for or against the nomination or election of one or more candidates in Michigan or the qualification, passage or defeat of one or more ballot questions in Michigan, it has 10 calendar days to form and register a "committee" under the Act.

REGISTERING THE COMMITTEE

A “person” that is covered by the Act registers a committee by filing a Statement of Organization form with the appropriate filing official. Therefore, the Statement of Organization is the first form filed by a Political Committee or an Independent Committee. **Both committee types are commonly called “PACs” or Political Action Committees.**

An Independent Committee or Political Committee is required to include in the name of the committee the name of the person or persons that sponsor the committee, if any, or with whom the committee is affiliated. A person, other than an individual or a committee, sponsors or is affiliated with an Independent Committee or Political Committee if that person establishes, directs, controls, or financially supports the administration of the committee. A person does not financially support the administration of a committee by merely making a contribution to the committee.

Where to File

Independent and Political Committees must file all required statements and reports with the appropriate filing official as listed below:

Committee Type	Supporting or Opposing	Filing Official
Independent Committee or Political Committee	Candidate’s district within one county	Clerk of that county
Independent Committee or Political Committee	Candidate’s district in more than one county	Michigan Department of State

* If the only “multi-county” candidate supported by the committee is a school board candidate, the committee files with the clerk of the county where the greatest number of voters eligible to vote on the office resides.

KEEPING THE COMMITTEE'S STATEMENT OF ORGANIZATION UP-TO-DATE

The information contained on the Statement of Organization must be kept up-to-date. If a change in the information takes place, an amendment to the form must be filed no later than the due date of the first Campaign Statement required of the committee after the change. The treasurer serving at the time of the change must sign an amendment.

CAMPAIGN FINANCE DISCLOSURE REQUIREMENTS

CAMPAIGN STATEMENTS

A committee discloses its Campaign Finance activity on Campaign Statements. A Campaign Statement consists of a Cover Page, Summary Page, and a series of Schedules that itemize the committee's receipts, expenditures and debts. A special purpose Schedule summarizes fundraisers held by the committee. Campaign Statement forms and instructions can be obtained from the Department of State's Bureau of Elections in Lansing, from any county clerk and the Bureau of Elections Web site.

The Reporting Waiver

A committee that does not expect to receive or spend more than \$1,000.00 for any election can obtain a Reporting Waiver by checking Item 10 on its Statement of Organization. A committee that maintains a Reporting Waiver is exempt from filing Campaign Statements. The Reporting Waiver is explained in [Appendix C](#).

Campaign Statement Closing Dates and Coverage Dates

Campaign Statements have specific coverage periods. The first Campaign Statement filed by a committee "opens" on the day the committee formed and extends through the "closing date" of the Statement that is due. Subsequent Campaign Statements "open" on the day after the last day covered by the previous Campaign Statement filed by the committee and extend through the "closing date" of the Statement that is due.

STATE LEVEL

Independent and Political Committees registered on the state level (other than Caucus Committees) that do not maintain a Reporting Waiver are required to file Campaign Statements three times a year according to the schedule detailed below:

When Campaign Statements are Required

- In even-numbered years, Campaign Statements are required on April 25 (closes April 20), July 25 (closes July 20) and October 25 (closes October 20). The Campaign Statements are required even if the committee does not have any receipts or expenditures to disclose for the period covered by the Statement.
- In odd-numbered years, Campaign Statements are required on January 31 (closes December 31), July 25 (closes July 20) and October 25 (closes October 20). The Campaign Statements are required even if the committee does not have any receipts or expenditures to disclose for the period covered by the Statement.

For convenience, the Campaign Statements referenced above are commonly called "Triannual

Campaign Statements.”

Independent and Political Committees registered on the state level also file Late Contribution Reports and Special Election Independent Expenditure Reports when applicable. See [Appendix G](#) for more information on Immediate Disclosure Reports.

Caucus Committees: Caucus committees are required to file Campaign Statements four times each year. The schedule is outline below.

- January 31 closing date December 31
- April 25 closing date April 20
- July 25 closing date July 20
- October 25 closing date October 20

For convenience, the Campaign Statements referenced above are commonly called “Quarterly Campaign Statements.”

Caucus committees also file Late Contribution Reports, Special Election Independent Expenditure Reports and 24-Hour Reports, when applicable. Please refer to the appendix on Late Filing Fees for applicable fees.

COUNTY LEVEL

Independent and Political Committees registered on the county level that do not maintain a Reporting Waiver are required to file Campaign Statements according to the schedule detailed below.

When Campaign Statements are Required

- A Pre-Election Campaign Statement is required 11 days before any "election" in which the committee participates (closes 16 days before the election). Independent and Political Committees registered on the county level are not required to file a Pre-Election Campaign Statement if all of the expenditures made by the committee that relate to the election involved have been reported in a previous Campaign Statement.
- A Post-Election Campaign Statement is required 30 days after any "election" in which the committee participates (closes 20 days after the election). Independent and Political Committees registered on the county level are not required to file a Post-Election Campaign Statement if all of the expenditures made by the committee that relate to the election involved have been reported in a previous Campaign Statement.
- An Annual Campaign Statement is required each year on January 31 (closes on December 31). The Annual Campaign Statement is required even if the committee does not have any receipts or expenditures to disclose for the period covered by the Statement. The Annual Campaign Statement is waived if the committee files a Post-General Campaign Statement during the month of December.

Definition of Election

The term “election” is used to mean a primary, general, special, recall, or millage election held in Michigan or a convention or caucus held by a political party in Michigan to nominate candidates. A committee is considered to be a participant in an election if it makes a contribution or an independent expenditure to support or oppose a candidate involved in the election or a ballot question on the election ballot.

Examples Of When Campaign Statements Are Due

EXAMPLE: During the Pre-General Campaign Statement reporting period, the ABC PAC makes an expenditure to support a candidate participating in a city General Election and a second expenditure on the same date to support a candidate participating in a Special Election scheduled after the General Election. These are the only expenditures the committee makes during the year. As a result of this activity, the committee is required to file the Pre-General Campaign Statement. The next Campaign Statement required of the committee is the Annual Campaign Statement. The Post-General, Pre-Special and Post-Special Campaign Statements are not required, as they would not show any expenditures relating to the elections involved.

EXAMPLE: During the Pre-General Campaign Statement reporting period, the XYZ PAC makes an expenditure to support a candidate participating in a city General Election. After the closing date for the Pre-General Campaign Statement, the committee makes an expenditure to support a candidate participating in a Special Election scheduled after the General Election. These are the only expenditures the committee makes during the year. As a result of this activity, the committee is required to file the Pre-General and the Pre-Special Campaign Statements. The next Campaign Statement required of the committee is the Annual Campaign Statement. The Post-General and Post-Special Campaign Statements are not required, as they would not show any expenditures relating to the elections involved.

EXAMPLE: On December 22, prior to the close of the Annual Campaign Statement on December 31, the BOOST PAC makes an expenditure to support a candidate participating in a village Primary Election that will be held in January of the following year. This is the only expenditure the committee makes with respect to the village Primary. The committee files the Annual Campaign Statement, reporting the expenditure. The committee is not required to file the Pre-Primary or Post-Primary Campaign Statements, as they would not show any expenditures relating to the village Primary.

IMMEDIATE DISCLOSURE REPORTS See [Appendix G](#)

- Late Contribution Reports
- Special Election Independent Expenditure Report
- 24 - Hour Report

LATE FILING FEE SCHEDULES See [Appendix E](#)

CONTRIBUTIONS AND OTHER RECEIPTS

"Contributions" are the funds, goods and services donated to the committee.

"Other receipts" include interest, refunds and rebates received by the committee and un-cashed or returned checks.

RECORDING CONTRIBUTIONS AND OTHER RECEIPTS

The committee's treasurer or designated record keeper must:

- Record all contributions by the amount, date received, and the donor's name and address. If single or cumulative contributions received from the same individual during a calendar year total \$100.01 or more, the donor's occupation, employer and principal place of business must also be recorded.
- Record all contributions received from other committees by the amount, date received, and the committee's name and address. Record all contributions received from groups, businesses, firms or any other types of organizations that are not registered as a committee under the Act by amount, date received and the contributing organization's name and address. If an individual gave toward the organization's contribution, the amount the individual gave, the date the organization received the individual's contribution, and the individual's name and address must be recorded. If an individual gave \$100.01 or more toward the organization's contribution, the individual's occupation, employer and principal place of business must also be recorded. **Note:** If the contribution from the unregistered group is \$500.00 or more, the group must form and register a committee within 10 calendar days after reaching the \$500.00 threshold.
- Record all "other receipts" by the amount, date received, and the name and address of the source.

For specific information on how contributions and "other receipts" are reported, refer to the Campaign Statement instructions booklet.

Prompt Deposit Required: The Committee Treasurer or agent must promptly deposit all funds received by the committee in the committee's depository. The committee receives a contribution as soon as the committee treasurer or an agent designated by the treasurer receives it.

When a Written Instrument is Required: A committee may not accept contributions of \$20.01 or more in cash. A written instrument such as a check or money order containing the name of the person making the contribution, date and amount of the contribution, and the name of the committee accepting the contribution must be used.

CONTRIBUTION LIMITS

A person may not contribute more than \$20,000.00 in a calendar year to a House or Senate

Caucus Committee. The caucus committee also may not accept contributions that exceed this limit. All other Political Committees or Independent Committees may receive unlimited contribution amounts. (Refer to Expenditures Section for Expenditure Limits).

ACCEPTABLE CONTRIBUTIONS AND EXEMPTIONS

Contribution of Money: A Committee may accept direct contributions of money from legal sources in the form of cash (\$20.00 or less), check, money order or credit cards.

Loan as a Contribution: A Committee may accept loans from individuals, Independent Committees, Political Committees, Political Party Committees and financial institutions. Amounts repaid on a loan by the committee no longer count toward the contribution limit applicable to the lender or any person endorsing or guaranteeing the loan. Loans are recorded as contributions with the exception of loans made to the committee by financial institutions.

Loan as an Other Receipt – Financial Institution Loan: A loan made by a financial institution is recorded as an “other receipt.”

Membership Dues: Membership fees, dues or subscriptions totaling \$20.00 or less from a person during a calendar year may be accepted in cash. The committee treasurer is required to record and report the contributor's name, address, date and amount for each contribution, regardless of amount.

In-kind Contributions: In-kind contributions are goods, services and facilities provided to the committee at no cost or at a discount. An in-kind contribution could be a donation of postage stamps to the committee, a person paying off a debt incurred by the committee or a person donating professional services to the committee. The value of an in-kind contribution is the fair market value of the good or service or the usual rental charge of the facility. If the committee receives a discount unavailable to the general public, the value of the in-kind contribution is the amount discounted. Independent and Political Committees must not accept an in-kind contribution from a corporation, joint stock company, labor union or domestic dependent sovereign.

Out-of-State Contributions: See [Appendix J](#).

Contributions Received from a Partnership or a Limited Liability Company: The following requirements for partnerships also apply to limited liability companies and their members. A contribution to a Political Committee or an Independent Committee that is made on a partnership check is viewed as a contribution from the partnership unless the amount contributed is attributed to members of the partnership. Consequently, if a partnership contributes \$500.00 or more in a calendar year and the amount contributed has **not** been attributed to members of the partnership, the partnership is required to register as a committee under the Campaign Finance Act. On the other hand, if the amount contributed has been attributed to members of the partnership, the amount involved does not count toward the \$500.00 registration threshold applicable to the partnership under the Act.

When the members of a partnership or a limited liability company wish to use a business check to make a contribution to a Political or Independent Committee, a written statement containing the name, address, date and the amount being contributed by each partner or member, must accompany the check. Those individuals whose contributions total more than \$100.00 must also provide their occupation, employer and principal place of business. The recipient committee then reports the amount contributed by each partner or member as a separate contribution received from an individual; the name of the partnership or limited liability company is not listed as contributor.

Political Committees and Independent Committees are not permitted to accept corporate contributions; therefore, no part of a contribution made on a partnership check or a limited liability company check may be attributed to an individual partner or member who is incorporated.

Bundled Contributions Delivered to Statewide Candidate Committee: “Bundling” is defined as the delivery of 1 or more contributions from individuals to the Candidate Committee of a candidate for Governor, Lt. Governor, Secretary of State, Attorney General, State Board of Education, University of Michigan Regent, Michigan State University Trustee, Wayne State University Governor or Supreme Court Justice, by an Independent or Political Committee (PAC) registered with the Secretary of State.

Contribution limits apply to bundled contributions. A PAC may give bundled contributions that are equal in amount to the contribution limit that they must adhere to if they were giving the committee a contribution directly. The bundled contribution limit is in addition to the contribution limit that the committee is allowed to give directly from the committee's PAC account. The Bundled Contributions Schedule can be obtained from the Bureau of Elections.

Contribution Exemptions: An individual can assist an Independent or Political Committee in a number of ways without the assistance counting as a contribution to the committee. The following exemptions are designed to encourage volunteer participation in the political process:

- A volunteer's personal services do not count as a contribution as long as the volunteer assists the committee without any understanding or agreement that compensation will be received for the time donated. If the committee compensates the volunteer, the compensation must be reported as an expenditure. If a third party compensates the volunteer, the compensation must be reported as an in-kind contribution from the third party. If a volunteer is on earned vacation time when assisting the committee, the vacation pay does not count as a contribution.
- The first \$500.00 spent during the year by a volunteer for personal travel expenses (gas, food, lodging) do not count as a contribution as long as the costs are voluntarily incurred without any understanding or agreement that the costs will be repaid. Additional travel expenses incurred by the volunteer during the year must be reported by the committee as in-kind contributions.
- The first \$100.00 worth of food and beverages donated to the committee during the year by an individual does not count as a contribution as long as the costs are voluntarily incurred

without any understanding or agreement that the costs will be repaid. The committee must report additional donations of food and beverages by the individual during the year as in-kind contributions.

Advising Contributors of Filing Obligations Urged: Michigan's Campaign Finance Act covers a "person" operating within Michigan or out-of-state as soon as it receives or spends \$500.00 or more in a calendar year to influence voters for or against the nomination or election of one or more candidates in Michigan. The term "person" is used to mean a business, company, corporation, association or two or more individuals who act jointly. As soon as a person reaches the \$500.00 threshold detailed above, it has ten (10) calendar days to form and register a committee under the Act. A person that is covered by the Act must register a committee by filing a Statement of Organization with the appropriate filing official.

- The treasurer of a Committee who accepts a contribution of \$500.00 or more from a business or other type of group is urged to advise the organization of the Campaign Finance Act's filing requirements.
- A group that meets the registration threshold through a single contribution may register a committee under the Act and dissolve the committee on the same day if no further political activity is anticipated for the year.
- If the Committee that received the contribution is a state-level or judicial committee, the group would file the Statement of Organization with the Bureau of Elections. If the contribution was made to a candidate for local office, the Statement of Organization would be filed with the appropriate County Clerk.

PROHIBITED CONTRIBUTIONS

A prohibited contribution must be returned as soon as the committee recognizes that it has received a contribution that cannot be accepted. If a prohibited contribution has been deposited in the committee's account, an expenditure from the account must be made to return the prohibited contribution. If the prohibited contribution has not been deposited, the actual contribution must be returned. If returned within 30 business days, the receipt of the contribution is not considered to be a contribution and is therefore not a violation of Campaign Finance provisions. The Michigan Campaign Finance Act prohibits the following types of contributions:

Anonymous Contributions: A committee may not accept an anonymous contribution. If a contribution is received without name and address information, it must be donated to a tax-exempt charitable organization and a receipt is needed for committee records.

Cash Contributions: A committee may not accept contributions of \$20.01 or more in cash. Cash contributions of \$20.00 or less must be reported in detail with name, address, date and amount of each contribution.

Earmarking: A committee may not accept a contribution with the agreement or arrangement that the committee will transfer the contribution to a particular Candidate Committee. (This practice is commonly called “earmarking” and is strictly prohibited.)

Contribution in the Name of Another: A person shall not make a contribution by any name other than the name by which that person is identified for legal reasons.

Foreign Nationals: The Federal Election Campaign Act prohibits foreign nationals from making any contribution or expenditure (including independent expenditures) in connection with any U.S. elections. It is also unlawful for any person to solicit, accept or receive a contribution from a foreign national.

Corporations, Joint Stock Companies, Labor Organizations, Domestic Dependent Sovereigns (Indian tribes): A Political Committee or Independent Committee may not accept a contribution of money from treasury funds, goods, services, discounts or free use of facilities from a corporation, a joint stock company, a labor organization, or a domestic dependent sovereign.

A corporation, joint stock company, labor union or domestic dependent sovereign may not purchase fundraiser or dinner tickets to Political or Independent Committee events; may not donate prizes or awards for fundraisers or other events sponsored by or for the benefit of a Political Committee or Independent Committee; may not provide a discount unavailable to the general public to a Political or Independent Committee; and may not pay off or forgive a committee debt for a Political or Independent Committee.

Prohibitions against corporate contributions apply to all types of corporations, including large and small corporations, non-profit and for-profit corporations, professional corporations and sub-chapter S corporations. The only exception is for a corporation formed strictly for political purposes only.

Prohibition of Campaign Contributions from Persons Holding a Casino Interest: Public Act 69 of 1997 amended the Michigan Casino Revenue and Control Act to prohibit persons having a casino interest in one of the three Detroit casinos from making campaign contributions during certain periods of time. The Michigan Gaming Control Board enforces this prohibition. The persons who are prohibited from making contributions are:

1. a casino licensee or a supplier licensee;
2. a person who holds at least a 1% interest in a casino licensee, a supplier licensee or a casino enterprise;
3. a person who is an officer or a managerial employee of the licensee or casino enterprise as defined by rules promulgated by the Casino Gaming Board;
4. a person who is an officer of the person who holds at least a 1% interest in the licensee or casino enterprise;
5. the Independent Committee of a licensee or casino enterprise; and
6. the spouse, parent, child, spouse of a child, of a licensee or of a person who has an interest in a licensee or casino enterprise.

The time periods during which a contribution is prohibited are:

1. the time period during which a casino license or development agreement is being considered by a city or by the Gaming Control Board;
2. the term during which the licensee holds a license;
3. the three years following the final expiration or termination of the licensee's license;
4. during either of the following, whichever is shorter:
 - a) the period beginning on or after the effective date of Public Act 69 of 1997 (July 17, 1997);
 - b) the period beginning 1 year prior to applying for a license.

Public Act 71 of 1997 amended the Michigan Campaign Finance Act to provide that a committee shall not knowingly maintain receipt of a contribution from a person prohibited from making a contribution during the prohibited period under Public Act 69.

For purposes of this section of Public Act 71, a committee is only considered to have knowingly maintained receipt of a contribution prohibited under Public Act 69 and is subject to penalty for that violation if both of the following circumstances exist:

- a) The Secretary of State has, by registered mail, notified the committee that the committee has received a contribution in violation of this section and has specifically identified that contribution.
- b) The committee fails to return the contribution identified on or before the thirtieth business day after the date the committee receives the notification.

Solicitation and Acceptance of Contributions by Separate Segregated Funds: A Political or Independent Committee that is established as a separate segregated fund is not permitted to solicit or accept contributions from another Political or Independent Committee, or from any person who is not allowed to contribute to the separate segregated fund.

RETURNING CONTRIBUTIONS

Funds received by a committee which are returned to the contributor **within 30 business days** after their receipt are not viewed as a "contribution" under the Act.

Funds that are returned to the contributor which have not been deposited in the committee's account are not reported on the next Campaign Statement required of the committee.

Funds deposited in a committee's account that are subsequently returned to the contributor must be reported on the Campaign Statement covering the period during which the contribution was received and returned.

FUNDRAISERS See [Appendix F](#)

EXPENDITURES

“Expenditure” means a payment, donation, loan, or promise of payment of money or anything of ascertainable monetary value for goods, materials, services, or facilities in assistance of, or in opposition to, the nomination or election of a candidate, or the qualification, passage or defeat of a ballot question. Expenditure includes, but is not limited to, any of the following:

- (a) A contribution or a transfer of anything of ascertainable monetary value for purposes of influencing the nomination or election of a candidate or the qualification, passage, or defeat of a ballot question.
- (b) Except as otherwise provided in Section 6(2)(f) or (g), an expenditure for voter registration or get-out-the-vote activities made by a person who sponsors or finances the activity or who is identified by name with the activity.
- (c) Except as otherwise provided in Section 6(2)(f) or (g), an expenditure made for poll watchers, challengers, distribution of election day literature, canvassing of voters to get out the vote, or transporting voters to the polls.

Expenditure does not include any of the following:

- (a) An expenditure for communication by a person with the person’s paid members or shareholders and those individuals who can be solicited for contributions to a separate segregated fund under section 55.
- (b) An expenditure for communication on a subject or issue if the communication does not support or oppose a ballot question or candidate by name or clear inference.
- (c) An expenditure for the establishment, administration, or solicitation of contributions to a separate segregated fund or independent committee.
- (d) An expenditure by a broadcasting station, newspaper, magazine, or other periodical or publication for a news story, commentary or editorial in support of or opposition to a candidate for elective office or a ballot question in the regular course of publication or broadcasting.
- (e) An offer or tender of an expenditure is expressly and unconditionally rejected or returned.
- (f) An expenditure for nonpartisan voter registration or nonpartisan get-out-the-vote activities made by an organization that is exempt from federal income tax pursuant to section 501(c)(3) of the internal revenue code of 1986, 26 U.S.C. 501, or any successor statute.
- (g) An expenditure for nonpartisan voter registration or nonpartisan get-out-the-vote activities performed pursuant to sections 491 to 524 of the Michigan Election Law by the Secretary of State and other registration officials who are identified by name with the activity.

RECORDING AND REPORTING EXPENDITURES

The committee's treasurer or designated record keeper must:

- Record all expenditures by the amount, date made, and the recipient's name and address.
- Record all expenditures made to or on behalf of Candidate Committees by the amount, date made, and the committee’s name and address. Record the candidate's name and county of residence, the office he or she seeks, and the district or community served by the office.

- Record all expenditures made to support or oppose a ballot question by the amount, date made and a description of the question. Also record whether the question is a statewide, multi-county or single-county issue. For multi-county issues, indicate the name of the county with the greatest number of voters eligible to vote on the issue. If the expenditure is made to or on behalf of a specific Ballot Question Committee, record the name and address of the Ballot Question Committee.
- Record funds spent from the committee's account that are not "expenditures" as defined by the Act. These are funds that are not spent to influence voters on a candidate or an issue. A record of these types of expenditures is needed to balance the committee's funds on Campaign Statements.

Refer to the Campaign Statement instructions booklet for specific information on how to report expenditures.

When a Written Instrument is Required: A written instrument such as a check or money order must be used to make an expenditure of \$50.01 or more. The written instrument must show the committee's name and the name of the recipient. A committee may not make expenditures of \$50.01 or more in cash.

ACCEPTABLE EXPENDITURES

Petty Cash: The committee treasurer may establish a petty cash fund with funds withdrawn from the committee's official depository.

- The committee must record the name, date, and amount of each expenditure made from the petty cash fund.
- Single cash expenditures of \$50.00 or less may be made from the petty cash fund.

In-Kind Expenditures: In-kind expenditures are goods, services and facilities provided to another committee at no cost or at a discount.

The value of an in-kind expenditure is the fair market value or usual rental charge of the good, service or facility. If the committee provides a good, service or facility to another committee at a discount, the value of the in-kind expenditure is the amount discounted.

Independent Expenditures: Independent expenditures are expenditures made on behalf of a candidate or a ballot question without the direction or control of the candidate's committee or a committee supporting or opposing the ballot question and are not contributions to the committee. Independent expenditures are **never** made under the control of or at the direction of another person or committee. Independent expenditures can be made in any amount and do not count toward the total contribution amount given to a candidate. Independent expenditures may also be made in opposition to a candidate or ballot issue.

Limitations On Expenditures To Candidates: The Act limits the amount Independent and Political Committees can contribute to, or expend on behalf of, candidates. The following types of expenditures count toward the expenditure limit: expenditures in cash, expenditures by written

instrument such as a check or money order, in-kind expenditures, and loans. Independent expenditures do not count toward the limit.

Normally referred to as “contribution limits”, the limitations are set on an “election cycle” basis and apply to the amount a committee can expend as a direct contribution of money to a Candidate Committee or as an in-kind contribution of goods or services to, or on behalf of a Candidate Committee. An election cycle begins on the day following a general election in which the office involved appears on the ballot and ends on the day of the next general election in which the office appears on the ballot. For a special election the election cycle begins on the day the special election is scheduled or the date the office involved becomes vacant (whichever is earlier) and ends on the day of the special election.

The following charts list the maximum amount a Political Committee or an Independent Committee may give to a candidate during the candidate's election cycle.

Expenditure Limits for Political Committees and Individuals

(Also Referred to as “Contribution Limits”)

Governor	\$ 3,400
Lt. Governor	\$ 3,400
Local candidate or judicial candidate in district with population over 250,000	\$ 3,400
State Senator	\$ 1,000
Local candidate or judicial candidate in district with population 85,001 to 250,000	\$ 1,000
State Representative	\$ 500
Local candidate or judicial candidate in district with population up to 85,000	\$ 500
Any Other State Elective Office	\$ 3,400
Bundled Contributions	\$ 3,400

Expenditure Limits for Independent Committees

Carefully review the criteria before giving at the amounts listed.

(Also Referred to as “Contribution Limits”)

Governor	\$ 34,000
Lt. Governor	\$ 34,000
Local candidate or judicial candidate in district with population over 250,000	\$ 34,000
State Senator	\$ 10,000
Local candidate or judicial candidate in district with population 85,001 to 250,000	\$ 10,000
State Representative	\$ 5,000
Local candidate or judicial candidate in district with population up to 85,000	\$ 5,000
Any Other State Elective Office	\$ 34,000
Bundled Contributions	\$ 34,000

Expenditure Limits for Caucus Committees

(Also Referred to as “Contribution Limits”)

A house political party caucus committee or senate political party caucus committee is not limited in the amount of contribution made to the candidate for the office of state legislator except as follows:

Shall not pay a debt incurred by a candidate if that debt was incurred while the candidate was seeking nomination at a primary election and the candidate was opposed at that primary.

Shall not make a contribution to or make an expenditure on behalf of a candidate if that candidate is seeking nomination at a primary election and the candidate is opposed at that primary.

A house political party caucus committee or a senate political party caucus committee shall follow the contribution limits for Independent Committees when making a contribution to a candidate for any Michigan office other than State legislator.

- **State Elective Offices:** State elective offices not listed above are secretary of state, attorney general, supreme court justice, state board of education, University of Michigan regent, Michigan State University trustee, Wayne State University governor.

Loans by Committees: A loan accepted by a candidate from an Independent or Political Committee counts toward the contribution limit applicable to the committee. A loan received by a candidate which is endorsed or guaranteed by a third party counts toward the contribution limit applicable to the third party to the extent the third party is liable for the amount loaned. Amounts repaid on a loan by the committee no longer count toward the contribution limit applicable to the lender or any person endorsing or guaranteeing the loan.

An amount contributed to a candidate by an Independent or Political Committee does not count toward the contribution limit applicable to any person who may have given the funds involved to the Independent or Political Committee, unless the person directs or controls the ultimate use of those funds. A person cannot make a contribution to a Political or Independent Committee with the understanding or agreement that the contribution will be passed on to a particular Candidate Committee.

Designation of Contributions for Previous Election Cycles: A contribution received by a Candidate Committee is considered to be for the current election cycle unless specifically designated for a previous election cycle. An Independent or Political Committee can designate a contribution for a previous election cycle if the designation is made in writing; the committee did not reach the applicable contribution limit set for the candidate in the election cycle identified in the designation; and the designated contribution does not exceed the Candidate Committee's outstanding debts from the election cycle identified in the designation.

Delivery of a Contribution to Another Committee by a Third Party: An individual who obtains possession of a contribution that a committee registered under the Act wishes to give to another

committee registered under the Act has ten (10) business days to take one of the following actions:

- 1) Deliver the contribution to the appropriate committee treasurer;
- 2) Deliver the contribution to any agent of the appropriate committee; or
- 3) Return the contribution to the payer.

The 10-day time limit for these actions does not apply if the individual in possession of the contribution is the treasurer or designated record keeper of the contributing committee.

PROHIBITED EXPENDITURES

- A committee may not make a single expenditure from petty cash that exceeds \$50.00.
- A committee may not make an expenditure in cash that exceeds \$50.00.

<p style="text-align: center;">CORPORATIONS, JOINT STOCK COMPANIES, LABOR ORGANIZATIONS AND DOMESTIC DEPENDENT SOVEREIGNS (INDIAN TRIBES) SEPARATE SEGREGATED FUNDS</p>
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Sections 54 and 55 of the Campaign Finance Act set forth the requirements corporations, joint stock companies, labor organizations and domestic dependent sovereigns must meet if they wish to participate in state and local elections in Michigan. These provisions do not govern corporations formed solely for political purposes.

Forming a Separate Segregated Fund

A corporation, joint stock company, labor organization, or domestic dependent sovereign that wishes to support or oppose candidates must establish a single “separate segregated fund.” The fund may also be used to support or oppose ballot questions.

A separate segregated fund must be registered as either an Independent or Political Committee within 10 calendar days after \$500.00 or more is received or spent in a calendar year to support or oppose candidates or ballot issues. Either the Independent or Political Committee contribution limits will apply to the separate segregated fund. All other committee requirements also apply.

A separate segregated fund may contribute to, and make expenditures on behalf of, Candidate Committees, Ballot Question Committees, Political Party Committees, and Political and Independent Committees that are not separate segregated funds. A separate segregated fund cannot contribute to another separate segregated fund.

Contributions to a separate segregated fund can only be solicited and accepted from those individuals specified in section 55 of the act and rule 169.39e of the Department’s administrative rules. These individuals are described below. No corporate money, labor organization treasury money or tribal money may be placed in a separate segregated fund.

For Profit Corporations and Joint Stock Companies: Contributions for a fund established by a *for profit corporation or joint stock company* may be solicited and accepted from any of the following persons or their spouses:

- Stockholders of the corporation or company.
- Officers and directors of the corporation or company.
- Employees of the corporation or company who have policy-making, managerial, professional, supervisory or administrative, non-clerical responsibilities.

NOTE: Effective February 18, 2000, a for profit corporation or joint stock company may also solicit contributions from employees of its subsidiary corporations or companies who have managerial, professional, supervisory, or administrative non-clerical responsibilities, and their spouses.

Nonprofit Corporations: Contributions for a fund established by a *nonprofit corporation* may be solicited and accepted from those individuals listed above in addition to any of the following persons and their spouses:

- Members of the corporations who are individuals.
- Stockholders of members of the corporation.
- Employees of the members of the corporation who have policy-making, managerial, professional, supervisory or administrative, nonclerical responsibilities.
- Employees of the corporation who have policy-making, managerial, professional, supervisory or administrative, non-clerical responsibilities.
- Officers or directors of members of the corporation.

Domestic Dependent Sovereigns: Contributions for a separate segregated fund established by a *domestic dependent sovereign* may be solicited from an individual who is a member of any domestic dependent sovereign.

Labor Organizations: Rule 169.39e(2) provides that a labor organization that is comprised of *member unions* may solicit individuals who are members of its member unions and their spouses, as well as employees who have policy making, managerial, supervisory, or administrative nonclerical responsibilities and their spouses.

Labor organizations that are comprised of *individual members* are not subject to this rule. These labor organizations may accept voluntary contributions from individuals.

NOTE: Section 55(4) of the campaign finance act was intended to apply to the solicitation of contributions by labor organizations. However, this section was enjoined from operation by a March 31, 1995, order of the U.S. District Court. The District Court's order was not appealed and remains in effect.

Automatic Contributions: Section 55(6) of the Campaign Finance Act governs automatic contributions, such as payroll deduction. As a general rule, contributions may not be obtained on an automatic or passive basis, and a reverse check off method of obtaining contributions is strictly prohibited.

A corporation organized on a for profit or non profit basis, a joint stock company, a domestic dependent sovereign, or a labor organization may solicit or obtain contributions for a separate segregated fund from an individual on an automatic basis, including but not limited to a payroll deduction plan, *only if* the individual who is contributing to the fund *affirmatively consents to the contribution at least once in every calendar year*. According to Rule 169.39c, the affirmative consent shall be effective only through December 31 of the calendar year for which the consent is given.

Rule 169.39d provides that the affirmative consent required by Section 55(6) must be in writing

and signed and dated by the contributor. The written affirmative consent shall include, at a minimum, the following information:

(a) A notice, which shall read as follows:

Affirmative Consent To Political Contribution: Section 55(6) of the Campaign Finance Act provides that a for profit or non profit corporation, a joint stock company, a domestic dependent sovereign, or a labor organization may solicit or obtain contributions for a separate segregated fund on an automatic basis, including but not limited to a payroll deduction plan, only if the individual who is contributing to the fund affirmatively consents to the contribution at least once in every calendar year.

(b) The contributor's first, middle, and last names.

(c) The amount of money to be withheld from the contributor's wages or the percentage of the contributor's wages to be withheld.

(d) The frequency with which the withholding is to be accomplished. The withholding may be per pay period, per week, per month, or per year.

(e) The name of the committee to which the withheld earnings are to be transferred.

(f) The calendar year for which the consent is given.

Contributions that are obtained and used to make expenditures in Michigan elections must conform to the requirements of Section 55(6). Therefore, an out-of-state PAC or a federal PAC that collects contributions through payroll deduction must comply with the annual affirmative consent requirement for those funds that are used to make expenditures to support or oppose state and local candidates or ballot questions in Michigan.

Administrative and Solicitation Expenses: Corporate funds, labor organization treasury funds and tribal money may be used to pay their own separate segregated fund's administrative and solicitation expenses. This would include such items as office space, telephones, utilities, supplies, legal and accounting services, salaries and any other expenses incurred in setting up and administering the committee.

A corporation, joint stock company, labor organization or domestic dependent sovereign may make expenditures for communications if the communications are exclusively with paid members, shareholders, or persons who can be solicited for contributions to the separate segregated fund established by the corporation, joint stock company, labor organization or domestic dependent sovereign.

Travel expenses incurred by officers or directors of a separate segregated fund established by a trade association may be paid by the officer's or director's corporation or by the trade association which established the separate segregated fund.

When a separate segregated fund holds fund raising events, the sponsoring organization is limited as to the expenses it can pay. Fund raising expenses such as entertainment, premiums

and prizes are not considered administrative expenses and cannot be paid for by the sponsoring organization. However, the sponsoring organization may pay the solicitation costs of its separate segregated fund's fund raising event. Such costs would include any costs associated with licenses, advertising, printing and mailing.

Sponsoring Organization Activities: A corporation, joint stock company, labor organization or domestic dependent sovereign cannot allow employees or members to engage in candidate campaign activities in an official capacity while on the sponsoring organization's time.

A sponsoring organization allowing yard signs on its property may be making an in-kind contribution if there is an ascertainable monetary value involved. If there is such a value, a sign that supports or opposes a candidate is prohibited.

Sponsoring organizations, which permit candidates to visit their facilities, are not making a contribution if such visits are equally available to all candidates and the organization does not communicate support of or opposition to the visiting candidate.

A sponsoring organization which is a member of a non-profit sponsoring organization which has a separate segregated fund may permit occasional, isolated, or incidental use of the organization's facilities or personnel to establish, administer or solicit contributions for the separate segregated fund, not to exceed one hour per week or four hours per month.

Sponsoring organizations may not purchase space in "program books" of any committee other than a Ballot Question Committee.

The above restrictions do not apply to activities undertaken to support or oppose a ballot question. A corporation, joint stock company, labor organization or domestic dependent sovereign may also use its general treasury funds to contribute to a Ballot Question Committee and make independent expenditures for the qualification, passage or defeat of a ballot question. If a corporation, joint stock company, labor organization or domestic dependent sovereign makes independent expenditures, the organization must register as a Ballot Question Committee within 10 business days after spending \$500.00 on that issue.

Affiliated Committees: All Political Committees and Independent Committees established, financed, maintained, or controlled by the same corporation, joint stock company, or labor organization, including a parent, subsidiary, branch, division, department, or local unit of the corporation, company, or organization, are affiliated. "Local unit" may include, in appropriate cases, a franchise, licensee, or state or regional association.

Affiliated committees sharing a single contribution limitation include all of the committees established, directed, controlled, or financially supported by one of the following entities:

- A single for profit corporation or joint stock company, including its subsidiaries.
- A single national or international union, including its subordinate organizations, such as local unions, branches, divisions, or departments.

- An organization of national or international unions, including all its state and local central bodies.
- A nonprofit corporation, including trade or professional associations and related state and local entities of the corporation.

DISSOLVING AN INDEPENDENT OR POLITICAL COMMITTEE (PAC)

The Act specifies when and under what conditions an Independent or Political Committee may be dissolved. As a dissolved committee has no further filing obligations under the Act, the dissolution of the committee is the final compliance step.

- To be eligible for dissolution, a committee must have no assets or outstanding debts. An unpaid late filing fee is considered to be a committee debt.
 - The committee may contribute leftover funds to a tax-exempt charitable organization. A committee that chooses to donate any of its remaining assets to a tax-exempt charity must provide verification of the disposition of the funds to their filing official. This verification can be in the form of a receipt or letter of acknowledgement on the charity's letterhead.
- If the committee has a Reporting Waiver, the committee can request dissolution by filing a single page Dissolution Campaign Statement. The form is available from any filing official or at www.michigan.gov.
- If the committee does not have a Reporting Waiver, the committee can request dissolution by filing a final Campaign Statement with supporting schedules. A detailed Dissolution Campaign Statement can be combined with any other Campaign Statement required of the committee as long as the committee dissolves on or before the closing date of the Campaign Statement. A Dissolution Campaign Statement must open on the day after the closing date of the last Campaign Statement filed by the committee and close on the effective date of the committee's dissolution.